

AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN  
THE CITY OF LONG BEACH AND  
THE LONG BEACH MANAGEMENT ASSOCIATION

The City of Long Beach and the Long Beach Management Association (LBMA) agree to amend the October 1, 2004 to September 30, 2008 Memorandum of Understanding as follows:

The labor agreement will be extended by two years, to expire on September 30, 2010. All existing terms and conditions set forth in that agreement shall remain unchanged for the term of the extension, except as modified below.

1. The LBMA acknowledges that there will be no salary adjustments during the term of the extension through September 30, 2010. The appointing authorities will consider an exception if a retention and/or compression issue exists or a significant change is made to the duties and responsibilities of a particular management position.
2. In consideration of the Management Association's willingness to help address the City's financial challenges by acknowledging that there will be no salary adjustments over a two-year period, the City will not unilaterally impose furloughs during Fiscal Year 2010, unless there is an occurrence resulting in a \$10 million or more loss of General Fund revenues or uncontrollable General Fund expenditures of \$10 million or more when compared to the Fiscal Year 2010 Adopted Budget. Any increase in discretionary revenue or available alternative funding sources will be taken into consideration prior to implementation of a furlough.

If based on the financial situation it is determined that furloughs will be necessary in accordance with this section, the City will provide notice in writing to the LBMA to include detailed financial information documenting the need to implement furloughs. This will initiate a 30-calendar day meeting period where the parties will meet to explore compensation and benefit related savings as alternatives to furloughs.

The City agrees that if it becomes necessary to implement furloughs during Fiscal Year 2010, any salary or equity adjustments that other Associations have received since October 1, 2008, or will receive during Fiscal Year 2010, will be taken into consideration when determining the extent of the furlough and associated compensation losses for the Long Beach Management Association members.

3. In the event that the City and another Miscellaneous Association agree to modify the parameters for the financial occurrence identified in No. 2 of this agreement to parameters more beneficial to the LBMA, then the more beneficial parameters shall also apply to the LBMA and will supersede the parameters currently identified in No. 2 of this agreement.

4. The City and the LBMA agree to clarify contract language regarding severance pay and vacation leave payoffs for retirees to ensure the original intent of both parties is realized. To clarify Article Two, Section V, managers represented by Management Association who are compelled to retire as a result of a budget reduction and the resulting elimination of their position will still qualify for severance benefits. To clarify Article Three, Section II, retirees with vacation balances at the time of retirement will have the option of converting 75 percent of the vacation balance to sick leave upon retirement.
5. The City and the LBMA agree to review pay for performance approach used for merit adjustments prior to the end of the extension period.
6. In an effort to reduce future retirement costs, both parties agree to implement a new retirement option through a combination of the California Public Employees Retirement System (CalPERS) and the Public Agency Retirement Services (PARS) that will provide a similar benefit of 2.5% @ 55, for those employees hired after the CalPERS contract has been amended and a PARS contract and trust has been approved. Under this new retirement approach employees will receive a 2.0% @ 55 benefit with CalPERS as well as a supplement from PARS which will provide in combination with CalPERS a total benefit of 2.5% @ 55 benefit if they retire from the City of Long Beach with at least five (5) years of service and are age 55 or over.

### **Contributions**

The City of Long Beach will make all contributions to fund the benefits available under the PARS Retirement Supplement Plan.

### **Eligibility Requirements**

Upon meeting all of the following requirements, employees will be eligible to receive the PARS Supplement benefit:

- (a) Is a CalPERS-eligible miscellaneous employee of the City of Long Beach, hired after the CalPERS contract has been amended, the PARS supplement has been adopted and all necessary contracts have been executed.
- (b) Is at least fifty-five (55) years of age;
- (c) Has completed five (5) or more years of full-time equivalent continuous employment with the City as of the last date of hire with the City;
- (d) Has terminated employment with the City and concurrently retires under CalPERS and remains in

- retired status under CalPERS\*; and  
(e) Has applied for benefits under this Plan.

\*PARS benefit will cease upon the employee's return to active CalPERS status and will recommence the first day of the month after return to retired status under CalPERS at the same option and benefit amount the employee was receiving immediately prior to the suspension of his/her benefit.

### **PARS Benefit Description**

The PARS RSP benefit augments the CalPERS benefit to provide a supplemental retirement benefit. The monthly lifetime benefit is calculated by taking the difference between (i) and (ii) below and multiplying it by one-twelfth (1/12).

- (i)  $2.5\% \times \text{Benefit Service Years} \times \text{Final Pay}$
- (ii)  $\text{CalPERS Age Factor (under the } 2\% @ 55 \text{ formula)} \times \text{Benefit Service Years} \times \text{Final Pay}$

Benefit Service is defined as all CalPERS credited City of Long Beach service as of your last day of employment with the City of Long Beach, including service accrued before and after any breaks in service and excluding purchases of additional service time through CalPERS.

Any years of CalPERS-credited service that provides a benefit equal to or greater than the CalPERS "2.5% @ 55" formula shall not be included in Benefit Service under this Plan.

Final Pay is defined as your highest annual compensation reported to CalPERS on your behalf, including CalPERS Employer Paid Member Contributions (EPMC), if eligible, during any 12 consecutive months of employment with the City of Long Beach.

### **Example of Benefit Calculation**

Age at Retirement = 55  
Benefit Service = 20 years  
Final Pay = \$50,000

$$\begin{array}{ll} \text{(i)} & 2.500\% \times 20 \text{ years} \times \$50,000 = \$25,000 \\ \text{(ii)} & \underline{2.000\% \times 20 \text{ years} \times \$50,000 = \$20,000} \\ & \text{(i) - (ii) = \$5,000} \\ & \$5,000 / 12 = \$416.66 \end{array}$$

PARS Monthly Lifetime Benefit = \$416.66


A complete description of plan provisions is provided in the attached Plan Summary Document.

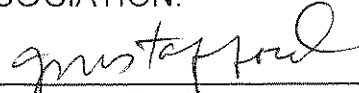
The implementation process is as follows:

- a. A PARS trust resolution will be prepared and sent to City Council for approval.
  - b. PARS trust, plan, adoption agreement, and administrative services agreement will be executed by City staff.
  - c. An amendment to the City's agreement with CalPERS for all Miscellaneous employees will be prepared and sent to City Council for approval.
  - d. City contributions will commence to the trust and plan.
  - e. Newly hired employees will receive plan summaries as they join City ranks after the effective date of the plan.
7. The City and the LBMA agree that during the term of the extension, either party may request a reopener with 30 days notice to discuss possible changes to pension plans. The outcome of the reopener must be mutually agreeable.

8. In witness thereof, the parties hereto have caused this Amendment to the Memorandum of Understanding to be executed this 20 day of OCTOBER, 2009.

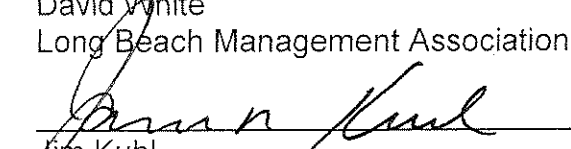
FOR THE LONG BEACH MANAGEMENT ASSOCIATION:

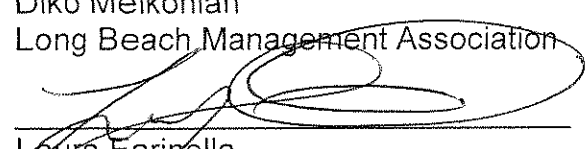
  
Georgia Pon, President  
Long Beach Management Association

  
Jonathan Stafford  
Long Beach Management Association

  
David White  
Long Beach Management Association


  
Diko Melkonian  
Long Beach Management Association


  
Jim Kuhl  
Long Beach Management Association

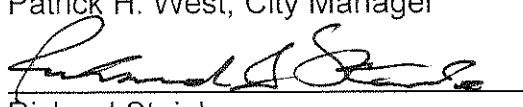
  
Laura Farinella  
Long Beach Management Association

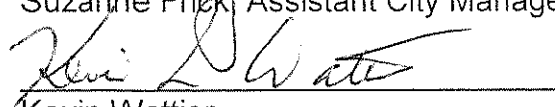
  
Rebecca Jimenez  
Long Beach Management Association

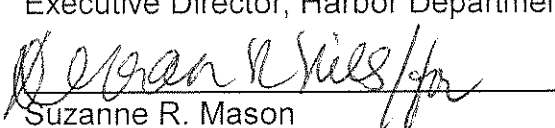
FOR THE CITY OF LONG BEACH:

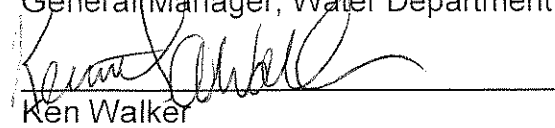
  
Patrick H. West, City Manager


  
Suzanne Frick, Assistant City Manager

  
Richard Steinke  
Executive Director, Harbor Department

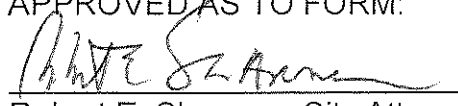
  
Kevin Wattier  
General Manager, Water Department

  
Suzanne R. Mason  
Director of Human Resources

  
Ken Walker  
Manager, Personnel Operations

  
Tara Brewer  
Personnel Analyst III

APPROVED AS TO FORM:

  
Robert E. Shannon, City Attorney